

**VILLAGE OF BRITTON, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED FEBRUARY 29, 2004**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**

## AUDITING PROCEDURES REPORT

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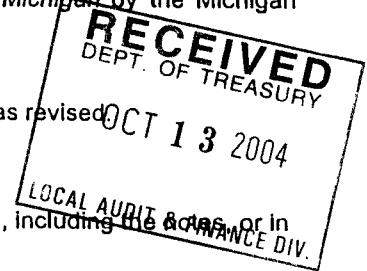
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF BRITTON	County LENAWEE
Audit Date FEBRUARY 29, 2004	Opinion Date AUGUST 25, 2004	Date Accountant Report Submitted to State: OCTOBER 11, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the report of comments and recommendations.

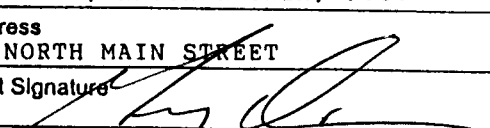


You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on Individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C.			
Street Address 121 NORTH MAIN STREET	City ADRIAN	State MI	ZIP 49221
Accountant Signature 			

**VILLAGE OF BRITTON, MICHIGAN**  
**INDEPENDENT AUDITORS' REPORT**  
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August 25, 2004

### INDEPENDENT AUDITORS' REPORT

Village Council  
Village of Britton  
Britton, Michigan

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Village of Britton, Michigan, as of and for the year ended February 29, 2004, as listed in the table of contents. These financial statements are the responsibility of the Village of Britton, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Britton, Michigan, as of February 29, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account group of the Village of Britton, Michigan as of February 29, 2004, and the results of operations of such funds and the cash flows of individual proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2004 on our consideration of the Village of Britton, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

August 25, 2004

Village Council  
Village of Britton  
Britton, Michigan

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Britton, Michigan. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the general purpose financial statements of the Village of Britton, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

***Robertson, Eaton & Owen, P.C.***

August 25, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITORS' REPORT**

Village Council  
Village of Britton  
Britton, Michigan

We have audited the financial statements of the Village of Britton, Michigan, as of and for the year ended February 29, 2004, and have issued our report thereon dated August 25, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**COMPLIANCE**

As part of obtaining reasonable assurance about whether the Village of Britton, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Village of Britton, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would

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August 25, 2004

Village Council  
Village of Britton  
Britton, Michigan

be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Village Council, Departments of the State of Michigan, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robertson, Eaton & Owen, P.C.***

August 25, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO A  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**INDEPENDENT AUDITORS' REPORT**

Village Council  
Village of Britton  
Britton, Michigan

**COMPLIANCE**

We have audited the compliance of the Village of Britton, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended February 29, 2004. The Village of Britton, Michigan's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Village of Britton, Michigan's management. Our responsibility is to express an opinion on the Village of Britton, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Britton, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Britton, Michigan's compliance with those requirements.

In our opinion, the Village of Britton, Michigan complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended February 29, 2004.



August 25, 2004

Village Council  
Village of Britton  
Britton, Michigan

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the Village of Britton, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Britton, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Village Council, Departments of the State of Michigan, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robertson, Eaton & Owen, P.C.***

**VILLAGE OF BRITTON, MICHIGAN**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP**

**February 29, 2004**  
**With Comparative Totals for February 28, 2004**

<u>ASSETS</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>General Fixed Assets</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
					<u>2004</u>	<u>2003</u>
Cash and investments	\$ 278,328	\$ 253,625	\$ 627,044	\$	\$ 1,158,997	\$ 1,107,063
<b>Receivables:</b>						
Taxes	9,613				9,613	12,737
Water usage			17,723		17,723	17,723
Sewer usage			9,177		9,177	9,052
Grants			191,953		191,953	
Special assessments			51,984		51,984	65,886
Other						125
Due from other funds	149,534	11,200	14,086		174,820	19,272
Prepaid supplies			3,500		3,500	3,500
Interest receivable	527	302	832		1,661	1,836
General Fixed Assets				382,733	382,733	371,768
Water system			974,592		974,592	817,770
Sewer system			2,066,088		2,066,088	1,959,837
Less: Accumulated depreciation			(1,471,767)		(1,471,767)	(1,383,974)
<b>Total assets</b>	<b>\$ 438,002</b>	<b>\$ 265,127</b>	<b>\$ 2,485,212</b>	<b>\$ 382,733</b>	<b>\$ 3,571,074</b>	<b>\$ 3,002,595</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>						
<b>Liabilities:</b>						
Accounts payable	\$ 8,340	\$ 2,080	\$ 223,088	\$	\$ 233,508	\$ 4,540
Accrued liabilities	3,686	240	353		4,279	4,837
Due to other funds	5,500	22,134	147,186		174,820	19,272
<b>Total liabilities</b>	<b>17,526</b>	<b>24,454</b>	<b>370,627</b>	<b>-</b>	<b>412,607</b>	<b>28,649</b>
<b>Fund equity:</b>						
Contributed capital			1,199,377		1,199,377	1,044,925
Investment in General Fixed Assets				382,733	382,733	371,768
Fund balances	420,476	240,673			661,149	611,139
Retained earnings			915,208		915,208	946,114
<b>Total fund equity</b>	<b>420,476</b>	<b>240,673</b>	<b>2,114,585</b>	<b>382,733</b>	<b>3,158,467</b>	<b>2,973,946</b>
<b>Total liabilities and fund equity</b>	<b>\$ 438,002</b>	<b>\$ 265,127</b>	<b>\$ 2,485,212</b>	<b>\$ 382,733</b>	<b>\$ 3,571,074</b>	<b>\$ 3,002,595</b>

**VILLAGE OF BRITTON, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**

**For the Year Ended February 29, 2004  
With Comparative Totals for the Year Ended February 28, 2003**

	<u>GENERAL FUND</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>			
Taxes	\$ 96,750	\$ 111,294	\$ 14,544
Intergovernmental – State	57,000	72,353	15,353
Intergovernmental – Federal	500,000	500,000	
Licenses and permits	1,250	2,489	1,239
Interest earned	10,000	5,547	(4,453)
Miscellaneous	2,800	20,403	17,603
Solid waste/recycling	<u>26,000</u>	<u>32,845</u>	<u>6,845</u>
Total revenues	<u>693,800</u>	<u>744,931</u>	<u>51,131</u>
<b>Expenditures:</b>			
General government	48,200	43,180	(5,020)
Highways, streets, and bridges	14,500	11,155	(3,345)
Sanitation	32,000	31,659	(341)
Recreation	3,600	3,192	(408)
Department of Public Works	49,650	41,708	(7,942)
Public safety	8,450	12,169	3,719
CDBG Grant – land purchase	500,000	500,423	423
Other	<u>37,400</u>	<u>33,171</u>	<u>(4,229)</u>
Total expenditures	<u>693,800</u>	<u>676,657</u>	<u>(17,143)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>68,274</u>	
<b>Other financing sources (uses):</b>			
Transfers in			
Transfers out			-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses		68,274	
Fund balances - beginning of year		<u>352,202</u>	
Fund balances - end of year		<u>\$ 420,476</u>	

<u>SPECIAL REVENUE FUNDS</u>			<b>Totals</b> <b>(Memorandum Only)</b>	
<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>	<u>Actual 2004</u>	<u>Actual 2003</u>
\$ 32,400	\$ 44,317	\$ 11,917	\$ 111,294	\$ 110,225
			116,670	120,826
			500,000	
			2,489	1,894
6,500	2,457	(4,043)	8,004	7,394
			20,403	12,429
			32,845	32,185
<u>38,900</u>	<u>46,774</u>	<u>7,874</u>	<u>791,705</u>	<u>284,953</u>
72,600	65,038	(7,562)	43,180	42,821
			76,193	25,158
			31,659	31,770
			3,192	2,467
			41,708	130,338
			12,169	5,602
			500,423	
			33,171	40,755
<u>72,600</u>	<u>65,038</u>	<u>(7,562)</u>	<u>741,695</u>	<u>278,911</u>
	(18,264)		50,010	6,042
5,600	5,600		5,600	5,600
(5,600)	(5,600)		(5,600)	(170,600)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165,000)</u>
	(18,264)		50,010	(158,958)
	<u>258,937</u>		<u>611,139</u>	<u>770,097</u>
	<u>\$ 240,673</u>		<u>\$ 661,149</u>	<u>\$ 611,139</u>

**VILLAGE OF BRITTON, MICHIGAN**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS/CONTRIBUTED CAPITAL - ENTERPRISE FUNDS**

**For the Year Ended February 29, 2004  
With Comparative Totals for the Year Ended February 28, 2004**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals (Memorandum Only) 2004</u>	<u>2003</u>
<b>Operating revenues:</b>				
Water charges	\$ 55,943	\$	\$ 55,943	\$ 56,611
Sewer usage fee		26,740	26,740	28,149
Other	<u>10,350</u>	<u>5,171</u>	<u>15,521</u>	<u>18,777</u>
Total operating revenues	<u>66,293</u>	<u>31,911</u>	<u>98,204</u>	<u>103,537</u>
<b>Operating expenses:</b>				
Administrative wages	4,285	4,130	8,415	7,964
Wages	14,863	1,412	16,275	20,454
Employee benefits	6,313	760	7,073	9,562
Water treatment and testing	2,898	650	3,548	5,216
Materials and supplies	29,832		29,832	4,369
Legal and accounting fees				855
Equipment rental	6,555	1,061	7,616	9,621
Utilities	3,253	1,210	4,463	5,000
Miscellaneous	1,532	2,011	3,543	16,020
Depreciation	<u>30,400</u>	<u>57,373</u>	<u>87,773</u>	<u>86,763</u>
Total operating expenses	<u>99,931</u>	<u>68,607</u>	<u>168,538</u>	<u>165,824</u>
Operating loss	<u>(33,638)</u>	<u>(36,696)</u>	<u>(70,334)</u>	<u>(62,287)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest income	979	5,232	6,211	12,440
Sewer capital reserve fees		3,407	3,407	3,633
Water capital improvement fees	7,910		7,910	9,700
Wellhead Protection Grant	10,730		10,730	
Wellhead protection expenses	<u>(21,459)</u>		<u>(21,459)</u>	
Total nonoperating revenues (expenses)	<u>(1,840)</u>	<u>8,639</u>	<u>6,799</u>	<u>25,773</u>
Net loss before other financing sources (uses)	<u>(35,478)</u>	<u>(28,057)</u>	<u>(63,535)</u>	<u>(36,514)</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds				280,000
Transfers to other funds				<u>(115,000)</u>
Net income (loss) after other financing sources (uses)	<u>(35,478)</u>	<u>(28,057)</u>	<u>(63,535)</u>	<u>128,486</u>
Add: Depreciation on fixed assets acquired by grants that reduce contributed capital		<u>32,629</u>	<u>32,629</u>	<u>32,629</u>
Increase (decrease) in retained earnings	<u>(35,478)</u>	<u>4,572</u>	<u>(30,906)</u>	<u>161,115</u>
Retained earnings - beginning of year	<u>729,750</u>	<u>216,364</u>	<u>946,114</u>	<u>784,999</u>
Retained earnings - end of year	<u>\$ 694,272</u>	<u>\$ 220,936</u>	<u>\$ 915,208</u>	<u>\$ 946,114</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BRITTON, MICHIGAN

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS/CONTRIBUTED CAPITAL - ENTERPRISE FUNDS

For the Year Ended February 29, 2004  
With Comparative Totals for the Year Ended February 28, 2003

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u> <u>(Memorandum Only)</u> <u>2004</u>	<u>2003</u>
Contributed capital - beginning of year	\$ -	\$ 1,044,925	\$ 1,044,925	\$ 1,077,554
Add: Capital improvements funded by grant	93,541	93,540	187,081	
Less: Depreciation on fixed assets acquired by grants	<u>          </u>	<u>(32,629)</u>	<u>(32,629)</u>	<u>(32,629)</u>
Contributed capital - end of year	<u>\$ 93,541</u>	<u>\$ 1,105,836</u>	<u>\$ 1,199,377</u>	<u>\$ 1,044,925</u>

VILLAGE OF BRITTON, MICHIGAN

COMBINED STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS

For the Year Ended February 29, 2004  
With Comparative Totals for the Year Ended February 28, 2003

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u> <u>(Memorandum Only)</u> <u>2004</u>	<u>2003</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 66,293	\$ 44,981	\$ 111,274	\$ 119,188
Cash paid to suppliers and employees	<u>(69,642)</u>	<u>(16,102)</u>	<u>(85,744)</u>	<u>(76,753)</u>
Net cash provided by (used in) operating activities	<u>(3,349)</u>	<u>28,879</u>	<u>25,530</u>	<u>42,435</u>
<b>Cash flows from capital and related financing activities:</b>				
Grant – Wellhead Protection	5,858		5,858	
Acquisition and construction of capital assets	(50,572)		(50,572)	(335,943)
Wellhead protection expense	<u>(11,715)</u>		<u>(11,715)</u>	
Net cash used in capital and related financing activities	<u>(56,429)</u>	<u>-</u>	<u>(56,429)</u>	<u>(335,943)</u>
<b>Cash flows from investing activities:</b>				
Interest received	<u>979</u>	<u>5,232</u>	<u>6,211</u>	<u>13,606</u>
Net cash provided by investing activities	<u>979</u>	<u>5,232</u>	<u>6,211</u>	<u>13,606</u>
<b>Cash flows from financing activities:</b>				
Sewer capital reserve fee		3,407	3,407	
Water capital improvement fees	7,910		7,910	13,333
Transfers from other funds				280,000
Transfers to other funds				(115,000)
Loan from General Fund	<u>135,696</u>		<u>135,696</u>	
Net cash provided by financing activities	<u>143,606</u>	<u>3,407</u>	<u>147,013</u>	<u>178,333</u>
Net increase (decrease) in cash and cash equivalents	84,807	37,518	122,325	(101,569)
Cash and cash equivalents at beginning of year	<u>63,781</u>	<u>440,938</u>	<u>504,719</u>	<u>606,288</u>
Cash and cash equivalents at end of year	<u>\$ 148,588</u>	<u>\$ 478,456</u>	<u>\$ 627,044</u>	<u>\$ 504,719</u>

VILLAGE OF BRITTON, MICHIGAN

COMBINED STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS

For the Year Ended February 29, 2004  
With Comparative Totals for the Year Ended February 28, 2003

RECONCILIATION OF NET OPERATING LOSS TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Totals</u> <u>(Memorandum Only)</u> <u>2004</u>	<u>2003</u>
Net operating loss	\$ (33,638)	\$ (36,696)	\$ (70,334)	\$ (62,287)
<b>Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:</b>				
Depreciation expense	30,400	57,373	87,773	86,763
<b>(Increase) decrease in:</b>				
Accounts receivable		14,096	14,096	15,981
Due from other funds	(2,750)	(7,974)	(10,724)	(331)
<b>Increase (decrease) in:</b>				
Accounts payable and other liabilities	(47)	(188)	(235)	101
Due to other funds	<u>2,686</u>	<u>2,268</u>	<u>4,954</u>	<u>2,208</u>
Net cash provided by (used in) operating activities	<u>\$ (3,349)</u>	<u>\$ 28,879</u>	<u>\$ 25,530</u>	<u>\$ 42,435</u>



**VILLAGE OF BRITTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Village of Britton, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

**A. FUND ACCOUNTING**

The accounts of the Village are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

**GOVERNMENTAL FUNDS**

**General Fund** - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

**PROPRIETARY FUNDS**

**Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**B. FIXED ASSETS AND LIABILITIES**

The accounting and reporting treatment applied to the fixed assets and liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

**VILLAGE OF BRITTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters; streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

All proprietary funds are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method.

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

**VILLAGE OF BRITTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. INVESTMENTS**

Investments are stated at cost or amortized cost, which approximates market.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents defined for the Statement of Cash Flows are demand deposits and short-term investments with maturities of less than three months.

**F. ESTIMATES**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW**

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**2. VILLAGE OF BRITTON - REPORTING ENTITY**

The Village is a General Law Village as provided under the General Village Act of 1895, governed by Village Council. As required by generally accepted accounting principles, these financial statements present the Village of Britton as a primary government. There are no component units to the Village.

**VILLAGE OF BRITTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**3. PROPERTY TAXES**

The Village of Britton's tax bills are for the period from July 1 to June 30. The taxes are based on the assessed valuations as of December 31 of the preceding year. Taxes collected for the period from July 1, 2003 to June 30, 2004 based on assessments as of December 31, 2002 are recorded as revenues in the Village's fiscal year ended February 29, 2004.

Since the County through revolving funds obtains the delinquent real property taxes for the Village, the sixty (60) day rule does not apply to such delinquent taxes receivable.

**4. PROPERTY ASSETS - ENTERPRISE FUNDS**

A breakdown of property assets in the Water and Sewer Funds is as follows:

Water System	\$ 974,592
Sewer System	<u>2,066,088</u>
	3,040,680
Less: Accumulated depreciation	<u>1,471,767</u>
	<u>\$ 1,568,913</u>

**5. RETIREMENT PLAN**

**A. PLAN DESCRIPTION**

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is the Segal Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Britton, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

**VILLAGE OF BRITTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**5. RETIREMENT PLAN (Continued)**

**B. FUNDING POLICY**

Employees contribute a percent of their annual compensation, as selected by the municipality. Any percentage from 0% to 10% may be selected. A 3%/5% contribution program was available prior to 1985 and may be continued, but not adopted after 1984. Under this program, the employees contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The Village is required to contribute the remaining amounts necessary to fund the plan, using an actuarial basis resulting in a level contribution method as required by State statute.

**ANNUAL PENSION COST**

For the year ended February 29, 2004, the Village's annual pension cost was zero. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

- [a] 8.0% investment rate of return,
- [b] projected salary increases of 4.5% per year compounded annually,
- [c] the assumption that benefits will increase 2.5% per year (annually) after retirement.

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

Currently, there is no unfunded actuarial accrued liability.

Actuarial Accrued Liability (as of 12/31/2003)

Retirees and beneficiaries currently receiving benefits	\$ 65,818
Terminated employees not yet receiving benefits	
Current employees --	
Accumulated employee contributions including	
allocated investment income	48,841
Employer financed	<u>40,278</u>
Total Actuarial Accrued Liability	154,937
Net Assets Available for Benefits at Actuarial Value	<u>206,328</u>
(Market Value is \$188,400)	
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ (51,391)</u>

**VILLAGE OF BRITTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

February 29, 2004

**5. RETIREMENT PLAN (Continued)**

**THREE YEAR TREND INFORMATION**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
February 28, 2002	-0-	100%	0
February 28, 2003	-0-	100%	0
February 29, 2004	-0-	100%	0

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets [a]</u>	<u>Actuarial Accrued Liability (AAL) Entry Age [b]</u>	<u>Unfunded AAL (UAAL) [b-a]</u>	<u>Funded Ratio [a/b]</u>	<u>Covered Payroll [c]</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/98	\$ 149,233	\$ 114,637	\$ (34,596)	130.2%	\$ 53,610	-
12/31/99	168,318	120,457	(47,861)	139.7%	57,226	-
12/31/00	182,003	131,208	(50,795)	138.7%	56,722	-
12/31/01	192,055	136,296	(55,759)	140.9%	56,633	-
12/31/02	194,682	142,270	(52,412)	136.8%	56,721	-
12/31/03	206,328	154,937	(51,391)	133.2%	61,194	-

**6. BUDGETS AND BUDGETARY ACCOUNTING**

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted at the function/activity level and adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end.

Several activities in the General Fund exceeded budget.

**VILLAGE OF BRITTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**7. INTERFUND RECEIVABLES AND PAYABLES**

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$	Major Street Fund	\$ 8,043
		Local Street Fund	2,891
		Water Fund	135,696
		Sewer Fund	<u>2,904</u>
	149,534		149,534
Local Street Fund	11,200	Major Street Fund	11,200
Water Fund	5,500	General Fund	5,500
Sewer Fund	<u>8,586</u>	Water Fund	<u>8,586</u>
	<u>\$ 174,820</u>		<u>\$ 174,820</u>

**8. GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>March 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>February 29, 2004</u>
Land	\$ 24,425	\$	\$	\$ 24,425
Land improvements	16,831			16,831
Buildings	123,392	10,965		134,357
Machinery and equipment	89,539			89,539
Vehicles	110,290			110,290
Office furniture and fixtures	<u>7,291</u>			<u>7,291</u>
	<u>\$ 371,768</u>	<u>\$ 10,965</u>	<u>\$ -</u>	<u>\$ 382,733</u>

**VILLAGE OF BRITTON, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**

**February 29, 2004**

**9. CASH AND INVESTMENTS**

At year end, the carrying value of the Village's deposits was \$1,158,997 and bank balance was \$1,167,394. Of the bank balance and investments, \$100,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. At certain times of the year, especially when property taxes are being collected, the Village uncollateralized deposits can increase significantly; as a result, the amounts of uncollateralized deposits at this time can be substantially higher. All deposits are with banks located in Michigan as required by statutes. All investments are with Michigan banks and authorized by statutes.



**VILLAGE OF BRITTON, MICHIGAN**  
**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS**

**February 29, 2004**  
**With Comparative Totals for February 28, 2003**

<u>ASSETS</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Totals (Memorandum Only) 2004</u>	<u>2003</u>
Cash	\$ 193,989	\$ 59,636	\$ 253,625	\$ 263,262
Due from other funds		11,200	11,200	5,600
Interest receivable	<u>302</u>	<u>          </u>	<u>302</u>	<u>302</u>
Total assets	<u>\$ 194,291</u>	<u>\$ 70,836</u>	<u>\$ 265,127</u>	<u>\$ 269,164</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,040	\$ 1,040	\$ 2,080	\$
Due to other funds	19,243	2,891	22,134	9,987
Accrued payroll	<u>131</u>	<u>109</u>	<u>240</u>	<u>240</u>
Total liabilities	20,414	4,040	24,454	10,227
Fund balances	<u>173,877</u>	<u>66,796</u>	<u>240,673</u>	<u>258,937</u>
Total liabilities and fund balances	<u>\$ 194,291</u>	<u>\$ 70,836</u>	<u>\$ 265,127</u>	<u>\$ 269,164</u>

**VILLAGE OF BRITTON, MICHIGAN**

**COMBINING STATEMENT OF REVENUES AND EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL - ALL SPECIAL REVENUE FUNDS**

**For the Year Ended February 29, 2004  
With Comparative Actual Totals for the Year Ended February 28, 2003**

**MAJOR STREET**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>
<b>Revenues:</b>		
<b>Intergovernmental revenues:</b>		
State	\$ 25,200	\$ 34,466
Interest income	<u>5,500</u>	<u>1,928</u>
Total revenues	<u>30,700</u>	<u>36,394</u>
<b>Expenditures:</b>		
<b>Administrative:</b>		
Clerk wages	1,000	959
Heavy maintenance	35,000	34,251
<b>Routine maintenance:</b>		
Labor	1,750	1,514
Payroll taxes	250	262
Health insurance	600	437
Materials and supplies	500	522
Equipment rental	1,400	1,229
Sick and holiday	250	163
Other cost	2,900	1,359
<b>Winter maintenance:</b>		
Labor and supplies	1,700	2,607
Equipment rental	<u>1,900</u>	<u>1,606</u>
Total expenditures	<u>47,250</u>	<u>44,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,550)</u>	<u>(8,515)</u>
<b>Other financing sources (uses):</b>		
Transfers to other funds	(5,600)	(5,600)
Transfers from other funds	<u>          </u>	<u>          </u>
Total other financing sources (uses)	<u>(5,600)</u>	<u>(5,600)</u>
Excess (deficiency) of revenues and other financing sources over (under) expendi- tures and other financing uses	(22,150)	(14,115)
Fund balances - beginning of year		<u>187,992</u>
Fund balances - end of year		<u>\$ 173,877</u>

<u>LOCAL STREET</u>		<u>TOTALS</u> <u>(MEMORANDUM ONLY)</u>		
<u>Budget</u>	<u>Actual</u>	<u>Budget</u> <u>2004</u>	<u>Actual</u> <u>2004</u>	<u>Actual</u> <u>2003</u>
\$ 7,200	\$ 9,851	\$ 32,400	\$ 44,317	\$ 42,446
<u>1,000</u>	<u>529</u>	<u>6,500</u>	<u>2,457</u>	<u>2,553</u>
<u>8,200</u>	<u>10,380</u>	<u>38,900</u>	<u>46,774</u>	<u>44,999</u>
1,200	959	2,200	1,918	1,790
12,000	11,414	47,000	45,665	99
1,400	641	3,150	2,155	934
400	210	650	472	406
450	391	1,050	828	1,214
1,400	307	1,900	829	
2,100	1,211	3,500	2,440	1,268
500	127	750	290	638
		2,900	1,359	2,760
2,500	2,783	4,200	5,390	4,126
<u>3,400</u>	<u>2,086</u>	<u>5,300</u>	<u>3,692</u>	<u>6,683</u>
<u>25,350</u>	<u>20,129</u>	<u>72,600</u>	<u>65,038</u>	<u>19,918</u>
<u>(17,150)</u>	<u>(9,749)</u>	<u>(33,700)</u>	<u>(18,264)</u>	<u>25,081</u>
		(5,600)	(5,600)	(5,600)
<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>	<u>5,600</u>
<u>5,600</u>	<u>5,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
(11,550)	(4,149)	(33,700)	(18,264)	25,081
	<u>70,945</u>		<u>258,937</u>	<u>233,856</u>
	<u>\$ 66,796</u>		<u>\$ 240,673</u>	<u>\$ 258,937</u>

**VILLAGE OF BRITTON, MICHIGAN**

**COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS**

**For the Year Ended February 29, 2004  
With Comparative Totals for the Year Ended February 23, 2003**

<u>ASSETS</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<b>Totals</b> <b>(Memorandum Only)</b>	
			<u>2004</u>	<u>2003</u>
Cash and investments in bank	\$ 148,588	\$ 478,456	\$ 627,044	\$ 504,719
<b>Receivables:</b>				
Water usage	17,723		17,723	17,723
Sewer usage		9,177	9,177	9,052
Grants	98,412	93,541	191,953	
Special assessment		51,984	51,984	65,886
Other				125
Due from other funds	5,500	8,586	14,086	3,362
Prepaid supplies	3,500		3,500	3,500
Interest receivable		832	832	1,007
Water system	974,592		974,592	817,770
Sewer system		2,066,088	2,066,088	1,959,837
Less: Accumulated depreciation	<u>(199,220)</u>	<u>(1,272,547)</u>	<u>(1,471,767)</u>	<u>(1,383,974)</u>
Total assets	<u>\$ 1,049,095</u>	<u>\$ 1,436,117</u>	<u>\$ 2,485,212</u>	<u>\$ 1,999,007</u>
 <b><u>LIABILITIES</u></b>				
<b><u>AND FUND EQUITY</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 116,837	\$ 106,251	\$ 223,088	\$ 1,080
Accrued payroll	163	190	353	353
Due to other funds	<u>144,282</u>	<u>2,904</u>	<u>147,186</u>	<u>6,535</u>
Total liabilities	<u>261,282</u>	<u>109,345</u>	<u>370,627</u>	<u>7,968</u>
<b>Fund equity:</b>				
Contributed capital	93,541	1,105,836	1,199,377	1,044,925
<b>Retained earnings:</b>				
Unreserved	<u>694,272</u>	<u>220,936</u>	<u>915,208</u>	<u>946,114</u>
Total fund equity	<u>787,813</u>	<u>1,326,772</u>	<u>2,114,585</u>	<u>1,991,039</u>
Total liabilities and fund equity	<u>\$ 1,049,095</u>	<u>\$ 1,436,117</u>	<u>\$ 2,485,212</u>	<u>\$ 1,999,007</u>

VILLAGE OF BRITTON, MICHIGAN

GENERAL FUND

STATEMENT OF REVENUES - BUDGET AND ACTUAL

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>
<b>Taxes</b>		
Property taxes	\$ 96,750	\$ 111,294
 <b>Intergovernmental revenue – State</b>		
State shared revenues	56,500	71,821
Liquor Control Funds	<u>500</u>	<u>532</u>
	<u>57,000</u>	<u>72,353</u>
 <b>Intergovernmental revenue – Federal</b>		
CDBG Grant	<u>500,000</u>	<u>500,000</u>
 <b>Licenses and permits:</b>		
Soliciting/garage sale permits	50	
Building permits	1,000	1,431
Electrical permits	<u>200</u>	<u>1,058</u>
	<u>1,250</u>	<u>2,489</u>
 Interest	<u>10,000</u>	<u>5,547</u>
 Solid waste – recycling	<u>26,000</u>	<u>32,845</u>
 <b>Miscellaneous revenues</b>		
Collection fee	800	1,015
Miscellaneous	2,000	18,688
Donations	<u></u>	<u>700</u>
	<u>2,800</u>	<u>20,403</u>
 Total revenues	<u>\$ 693,800</u>	<u>\$ 744,931</u>

VILLAGE OF BRITTON, MICHIGAN

GENERAL FUND

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>
<b>General Government</b>		
Municipal council salaries and expense	\$ 3,500	\$ 3,310
Election expense	800	
Clerk	1,100	1,150
Treasurer	1,900	1,829
Repairs and maintenance	3,600	2,638
Heat and lights	6,700	7,654
Beautification labor	7,000	3,273
Beautification miscellaneous	1,000	377
Office expense	2,200	1,991
Legal and auditing	5,000	4,980
Telephone	4,500	4,592
Advertising	2,900	2,876
Miscellaneous	<u>8,000</u>	<u>8,510</u>
	<u>48,200</u>	<u>43,180</u>
<b>Highways, Streets, and Bridges</b>		
Vehicle repair and maintenance	12,000	13,105
Drain wages	1,100	1,130
Drain expense	2,700	2,655
Street lighting	8,300	8,144
Less: Equipment rental charged to other funds	<u>(9,600)</u>	<u>(13,879)</u>
	<u>14,500</u>	<u>11,155</u>
<b>Sanitation</b>		
Trash pick up	1,000	747
Solid waste/recycling	<u>31,000</u>	<u>30,912</u>
	<u>32,000</u>	<u>31,659</u>
<b>Recreation</b>		
Wages	2,700	2,638
Park expense	<u>900</u>	<u>554</u>
	<u>3,600</u>	<u>3,192</u>
Total carried forward	<u>\$ 98,300</u>	<u>\$ 89,186</u>

VILLAGE OF BRITTON, MICHIGAN

GENERAL FUND

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>
Total carried forward	\$ 98,300	\$ 89,186
<b>Public Safety</b>		
Police protection	3,000	3,297
Hydrant rental	2,750	2,750
Building/electrical inspection	<u>2,700</u>	<u>6,122</u>
	<u>8,450</u>	<u>12,169</u>
<b>Department of Public Works</b>		
Wages	22,000	25,314
Material and supplies	5,800	5,429
Capital outlay	<u>21,850</u>	<u>10,965</u>
	<u>49,650</u>	<u>41,708</u>
CDBG Grant – land purchase	<u>500,000</u>	<u>500,423</u>
<b>Other</b>		
Health insurance	15,000	16,657
Sick time	2,400	633
Vacation time	6,200	5,918
Payroll taxes	6,000	5,831
Uniforms	1,700	1,583
Insurance	11,500	10,321
Planning Commission	1,000	890
Less: Benefits reclassified to other funds	<u>(6,400)</u>	<u>(8,662)</u>
	<u>37,400</u>	<u>33,171</u>
Total expenditures	\$ <u>693,800</u>	\$ <u>676,657</u>

VILLAGE OF BRITTON, MICHIGAN

MSC 202069 – EDIG

COMMUNITY DEVELOPMENT BLOCK GRANT

For the Grant Period October 1, 2002 to February 29, 2004

	<u>Approved Budget</u>	<u>Actual Grant Expenditures</u>	<u>Actual Expenditures Other</u>
<b>Grant -</b>			
Property acquisition	\$ 500,000	\$ 500,000	\$
Road water/sewer	560,000	177,868	
Administration	10,000		
Contingency	<u>30,000</u>	<u>          </u>	
	<u>1,100,000</u>	<u>677,868</u>	
<b>Local funding -</b>			
Road water/sewer	70,000		
Engineering	<u>40,000</u>		<u>34,633</u>
	<u>110,000</u>		<u>34,633</u>
<b>Private funding -</b>			
Building/machinery/equipment	<u>10,000,000</u>		Data not available



VILLAGE OF BRITTON, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended February 29, 2004

<u>Federal and State Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity's Identifying Number</u>	<u>Program or Award Amount</u>	<u>Federal and State Expenditures</u>
Department of Housing and Urban Development Community Development Block Grant	14.228	MSC 202 069-EDIG	\$ 1,100,000	<u>\$ 677,868</u>
Total Federal expenditures				<u>\$ 677,868</u>
Michigan Department of Environmental Quality Wellhead Protection Grant	-	WSSN 0890	\$ 12,500	<u>\$ 10,730</u>
Total State expenditures				<u>\$ 10,730</u>

**VILLAGE OF BRITTON, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended February 29, 2004**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- |   |       |     |         |               |
|---|-------|-----|---------|---------------|
| * Material weakness(es) identified?   | _____ | YES | ___X___ | NO            |
| * Reportable condition(s) identified that are not considered to be material weaknesses? | _____ | YES | ___X___ | NONE REPORTED |

Noncompliance material to financial statements noted?

\_\_\_\_\_ YES \_\_\_X\_\_\_ NO

**FEDERAL AWARDS**

Internal control over major programs:

- |   |       |     |         |               |
|---|-------|-----|---------|---------------|
| * Material weakness(es) identified?   | _____ | YES | ___X___ | NO            |
| * Reportable condition(s) identified that are not considered to be material weaknesses? | _____ | YES | ___X___ | NONE REPORTED |

Type of auditors' report issued on compliance for major program:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ YES \_\_\_X\_\_\_ NO

**VILLAGE OF BRITTON, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended February 29, 2004**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**IDENTIFICATION OF MAJOR PROGRAM:**

<u>CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Name of Federal Program</u>
14.228	MSC 202069-EDIG	Community Development Block Grant

Dollar Threshold used to distinguish  
between type A and type B programs:

\$ 500,000

Auditee qualified as low-risk auditee?

  X   YES           NO

**SECTION II - FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE